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SENSITIVE  
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TAGS: [PHUM](#) [PGOV](#) [ELAB](#) [KTIP](#) [FI](#) [VM](#) [ID](#) [MY](#)  
SUBJECT: FINNISH COMPANY POLAR ELECTRO ASSISTS FORCED LABOR  
VICTIMS

Summary and Comment

1. (SBU) Finnish company Polar Electro recently provided compensation and repatriation assistance to 40 forced labor victims from its Malaysian joint-venture company, following interventions by an international NGO and Post. The Polar Electro case appears illustrative of the challenges facing some foreign companies when dealing with allegations of forced labor at their Malaysian suppliers' facilities. These challenges include the mindset among some Malaysian employers that confiscating the passports of migrant workers, contract swapping, and restricting the movement of foreign workers are acceptable practices. Employers holding the passports of migrant workers is the standard in Malaysia, which renders the workers more vulnerable, but we do not have data on the incidence of labor trafficking in Malaysian factories. In addition to the Polar case, Embassy Kuala Lumpur continues to engage the corporate community and civil society through outreach programs designed to raise awareness of forced labor and trafficking in persons for labor exploitation. End Summary and Comment.

Finnish Company and U.S. Mission Respond to Reports

2. (SBU) Post, working in conjunction with the Finnish Embassy, was able to facilitate the compensation and repatriation of approximately 40 mostly Vietnamese workers from conditions of forced labor in a Penang electronics assembly factory. Polar Electro Group, a Finnish electronics company, holds 60 percent share in Polar Twin Advance, the local Malaysian company operating Polar Electro's Malaysian factory in Penang. Boat People SOS (BPSOS) informed us on July 1 that Vietnamese employed by Polar Twin Advance were allegedly working in conditions of forced labor. Malaysian plant managers reportedly had paid the workers at rates far below those in their original contracts; confiscated workers' passports; and denied salaries and intimidated workers who complained. Poloff informed the Finnish Embassy about the allegations, provided background information on labor trafficking, and offered suggestions on a course of action. As a result, the Finnish Ambassador personally contacted Polar Electro's CEO to brief him on the reports of forced labor. Polar Electro took quick steps to address the situation, including sending an inspection team to the factory the following week. However, the Malaysian joint-owner of the factory refused to allow the inspection team onto the factory's premises. When Finnish executives eventually confronted Malaysian plant managers with the allegations of labor exploitation, the plant managers were both confounded and angered that the Finnish parent company would raise such issues.

3. (SBU) Polar Electro then worked with BPSOS, which

provided the laborers with legal counsel to develop a compensation package for the estimated 40 plus mostly Vietnamese workers, even though the Finnish parent company was not directly responsible for the mistreatment of the workers. Post continued to engage with the Finnish embassy on the issue, and on September 9 the Finnish DCM informed Poloff that Polar Electro provided the workers involved a compensation package totaling at least 300,000 ringgit (about \$91,000) for unpaid back salaries. Polar Electro also paid to repatriate the workers to their home countries (Vietnam and Indonesia), a process arranged with assistance from local NGO Tenaganita. (Note: In an earlier forced labor case involving the Esquel company, the Embassy had linked BPSOS to Tenaganita, a longstanding anti-trafficking partner that receives USG support.)

14. (SBU) The Finnish Ambassador, Finnish DCM, and two Polar Electro executives from Finland briefed PolCouns and Poloff on October 20 regarding Polar Electro's ongoing efforts with the Malaysian plant. We were told that the Malaysian partner, in addition to allegedly mistreating employees, has denied Polar Electro access to its factory and may have embezzled funds. The Polar Electro executives expressed their frustration with the local partner's lack of cooperation or information sharing on the forced labor reports. Polar Electro wishes to divest shareholdings in the Malaysian company and intends to file a lawsuit in Malaysia's legal system against Polar Twin Advance.

#### Engaging the Malaysian Government

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15. (SBU) The Polar Electro executives said they received little assistance from the Malaysian government to date, but also admitted that they had not filed any complaints with the authorities related to this forced labor case. Likewise, the executives were unaware if other parties, such as Tenaganita and BPSOS, filed criminal or civil complaints over the forced labor conditions. Polar Electro speculated that some police officials in Penang appear to be protecting the Malaysian partner. One of the executives described an incident where a policeman came to his hotel to question him as a form of intimidation. Post provided Polar Electro with additional points of contact in the Malaysian government for them to pursue the case should they choose to do so.

#### Outreach Efforts

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16. (SBU) Besides Post's active involvement in the Polar Electro case, we are engaging the corporate community and civil society through an outreach program designed to raise awareness of forced labor and trafficking in persons for labor exploitation. On June 18, Poloff met with the human resource manager committee of the Malaysian International Chambers of Commerce and Industry (MICCI) to discuss reports of forced labor in Malaysia and the possible ramifications in the international community. The business executives responded very positively and MICCI requested a follow-up presentation, which is set for November 13. In conjunction with the release of the 2008 TIP report in June, Post briefed the Malaysian Bar Council's human rights committee on forced labor and how the Malaysia's 2007 anti-TIP law could be used to prosecute forced labor cases. The Bar Council is an active partner, providing its members with internal training on the new TIP law and providing a Bar Council representative to speak at both MICCI outreach events. In September, Poloff discussed labor trafficking and forced labor with the Deputy Speaker of Parliament and officials from the Malaysian Trade Union Congress in Sarawak, East Malaysia.

KEITH